

Message Text

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PAGE 01 VIENNA 06641 191122Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 PM-05 CIAE-00 INR-07 NSAE-00
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AMEMBASSY BRUSSELS

C O N F I D E N T I A L VIENNA 6641

COMMERCE FOR SIPS

BRUSSELS FOR FAA

E.O. 11652: GDS
TAGS: BEXP, EAIR, AU
SUBJECT: MAJOR PROJECT: JOINT CIVIL/MILITARY AUTOMATED ATC AND AIR
SURVEILLANCE SYSTEM (STATUS REPORT)

REF: A. VIENNA 4296, B. VIENNA 3417, C. VIENNA 3193
AND PREVIOUS

1. IN RECENT LENGTHY DISCUSSION ON SUBJECT PROJECT WITH
RELIABLE SOURCE IN AUSTRIAN FEDERAL CIVIL AVIATION OFFICE
(CAO), COMATT WAS GIVEN FOLLOWING DETAILS.

2. 2D/1-BAND RADAR EQUIPMENT (BID DEADLINE: JAN 27, 1977):
CAO HAS TERMINATED STUDY OF OFFERS AND INTENDS TO AWARD
CONTRACT TO TELEFUNKEN ON BASIS OF LOWER PRICE AND FEELING
WITHIN CAO THAT GERMAN FIRM'S OFFER IS ALSO MORE TECHNICALLY
SOUND THAN THAT OF WETTINGHOUSE, WHICH WAS A SERIOUS CONTENDER.
THE DECISION REMAINS UNOFFICIAL, HOWEVER, SINCE CAO HAS NOT
YET ISSUED LETTER OF INTENT.

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PAGE 02 VIENNA 06641 191122Z

3. DISPLAY SYSTEMS: (BID DEADLINE: JULY 4, 1977):
SOURCE DEPICTED FACT THAT, BASED ON HIS OWN OBSERVA-
TIONS, BIDS FROM U.S. FIRMS ARE CONSISTENTLY AND CON-
SIDERABLY HIGHER THAN THOSE OF FOREIGN COMPETITORS.
RAYTHEON, SAID SOURCE, SUBMITTED BID OF US \$23 MILLION
FOR 62 DISPLAY UNITS, AND ITT OFFER WAS US \$17 MILLION,
WHILE PRICE QUOTATIONS BY ALL EUROPEAN COMPETITORS,

INCLUDING THOMPSON-CSF AND SELENIA, WERE BETWEEN US \$10-14 MILLION. ALL PRICES WERE SUBMITTED IN US DOLLARS PER BID REQUIREMENTS, AND ALL OFFERS HAVE COMPLIED WITH SPECIFICATIONS. SINCE PRICE WILL BE PRINCIPAL FACTOR IN CHOICE OF SUPPLIER, IT IS HIGHLY UNLIKELY THAT U.S. FIRM WILL OBTAIN CONTRACT.

4. COMPUTER COMPLEX, INCLUDING SOFTWARE (BID DEADLINE: SEPT. 5, 1977): SOURCE CONFIDED THAT CONTEST WOULD BE ESSENTIALLY BETWEEN SPERRY-UNIVAC AND IBM, WHO ARE CONSIDERED TECHNICALLY SUPERIOR TO COMPETITORS. CAO, HOWEVER, HAS RESERVATIONS ABOUT IBM. IT CONSIDERS IBM TOO CLOSELY TIED TO AUSTRIAN AIR FORCE PROJECT MANAGERS RESPONSIBLE FOR MILITARY PORTION OF PROJECT, AND FEARS THAT, IF IBM WINS, MILITARY WILL USE FIRM TO EXTEND ITS CONTROL TO CIVIL AIR PORTION OF PROJECT. APPARENTLY PLAYS SIGNIFICANT ROLE IN DECISION-MAKING. IN PAST --- AS NOTED IN PREVIOUS REPORTING --- IT REINFORCED CAO DECISION TO ACCEPT AS BIDDERS U.S. FIRMS PREVIOUSLY REJECTED BY MILITARY).

5. SOURCE ASKED COMATT TO CONVEY TO UNIVAC INFORMATION WHICH MIGHT ALLOW FIRM TO SUBMIT LOWER-PRICED OFFER: CAO BID DOCUMENTS SPECIFY THAT PROGRAMMING BE DONE IN AUSTRIA BY WHICHEVER FIRM WINS COMPUTER COMPLEX CONTRACT. HOWEVER, CAO NOW ALSO ADMITS THAT PROGRAMMING COULD BE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENNA 06641 191122Z

JUST AS WELL BE DONE BY UNIVAC IN U.S. WITH NO LOSS OF QUALITY. REASONING IS THAT, SINCE FIRM WOULD NOT NEED TO SEND HIGHLY-PAID TECHNICIANS TO AUSTRIA, IT WOULD REALIZE SAVING WHICH WOULD BE REFLECTED IN OFFER. UNIVAC SHOULD THEREFORE SUBMIT TWO OFFERS ON PROGRAMMING: ONE ACCORDING TO CAO REQUIREMENT FOR PROGRAMMING IN AUSTRIA; ANOTHER PROPOSING PROGRAMMING IN U.S. AND JUSTIFYING THIS ON BASIS OF REDUCED COST PASSED ON TO AUSTRIAN AUTHORITIES AND ON ASSURANCE OF SAME TECHNICAL QUALITY. SOURCE SAID THIS SECOND OFFER WOULD RECEIVE FAVORABLE CONSIDERATION. (FYI. COMATT HAS PASSED THIS INFO TO MR. RUMSEY OF SPERRY-UNIVAC, ST. PAUL, MINN. ON OCCASION OF LATTER'S CALL TO EMBASSY JULY 14).

6. GENERAL: CAO CALCULATES COST OF ENTIRE PROJECT AT AS 540 MILLION, OF WHICH HALF WILL GO TOWARD DISPLAY UNITS. SOURCE ALSO CONFIRMED THAT RESPONSIBILITY FOR PROJECT IS SPLIT BETWEEN MILITARY AND CIVIL AVIATION AUTHORITIES, I.E., MINISTRY OF DEFENSE AND MINISTRY OF TRANSPORT. MEEHAN

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: GS
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Format: TEL
From: VIENNA
Handling Restrictions: n/a
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